

ASX Release

Tuesday 9 April 2019

Issue of Cornerstone Equity Investment Shares

Further to the ASX announcement on 3 April 2019, Kalium Lakes Limited (ASX: KLL, "Kalium Lakes" or the "Company") advises that it has completed the issue of 18,904,487 new fully paid ordinary shares ("Shares") at an issue price of \$0.44 per Share ("Placement Shares"), being the tranche 1 shares under the subscription and co-operation agreement ("Subscription and Co-Op Agreement").

The Placement Shares were issued to Greenstone Management (Delaware) II LLC in its capacity as general partner of Greenstone Resources II (Australia) Holdings L.P. A further 28,401,101 Shares at an issue price of \$0.44 ("Remaining Placement Shares"), being the tranche 2 shares under the Subscription and Co-Op Agreement, will be issued within the next 13 business days, such that the Company will raise a total of A\$20.81 million (before costs) ("Placement"). Refer to the ASX announced dated 3 April 2019 for further details.

The Placement Shares were issued pursuant to Listing Rule 7.1A.

An Appendix 3B and cleansing statement in respect of the issue of the Placement Shares accompany this announcement.

Information required under Listing Rule 3.10.5A

The Placement Shares were issued pursuant to the Company's additional 10% placement capacity under Listing Rule 7.1A. As such, the Company provides the following information in accordance with Listing Rule 3.10.5A.

(a) The dilutive effect on existing shareholders is as follows:

| | |
|---|--------------------|
| Number of Shares on issue prior to the Placement | 190,799,037 |
| Shares issued under Listing Rule 7.1A | 18,904,487 |
| Dilution as a result of issue under Listing Rule 7.1A | 9.01% |
| Total number of Shares on issue | 209,703,524 |

(b) The Company issued the Placement Shares under its Listing Rule 7.1A placement capacity as it considers this to be the most efficient, expedient and certain method for raising funds at the time. The Company notes that the Remaining Placement Shares will be issued under the Company's existing Listing Rule 7.1 Capacity.

(c) There were no underwriting arrangements entered into.

(d) BurnVair Corporate Finance, as lead manager, will receive a fee equivalent to 6% of the funds raised.

(e) The Company incurred miscellaneous expenses including listing and legal fees in connection with the Placement.

*** ENDS ***

Rule 2.7, 3.10.3, 3.10.4, 3.10.5

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 01/07/96 Origin: Appendix 5 Amended 01/07/98, 01/09/99, 01/07/00, 30/09/01, 11/03/02, 01/01/03, 24/10/05, 01/08/12, 04/03/13

Name of entity

Kalium Lakes Limited

ABN

98 613 656 643

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

1 +Class of +securities issued or to be issued

Fully Paid Ordinary Shares (Shares)

2 Number of +securities issued or to be issued (if known) or maximum number which may be issued

18,904,487

3 Principal terms of the +securities (e.g. if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion)

Fully Paid Ordinary Shares (Shares)

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| | |
|---|---|
| <p>4 Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes</p> |
| <p>5 Issue price or consideration</p> | <p>\$0.44</p> |
| <p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>Tranche 1 of cornerstone equity investment to Greenstone Management (Delaware) II LLC in its capacity as general partner of Greenstone Resources II (Australia) Holdings L.P. as detailed in the ASX announcement dated 3 April 2019 and 9 April 2019.</p> |
| <p>6a Is the entity an +eligible entity that has obtained security holder approval under rule 7.1A?</p> <p>If Yes, complete sections 6b – 6h <i>in relation to the +securities the subject of this Appendix 3B</i>, and comply with section 6i</p> | <p>YES</p> |
| <p>6b The date the security holder resolution under rule 7.1A was passed</p> | <p>21 November 2018</p> |
| <p>6c Number of +securities issued without security holder approval under rule 7.1</p> | <p>N/A</p> |

+ See chapter 19 for defined terms.

| 6d | Number of +securities issued with security holder approval under rule 7.1A | 18,904,487 | | | | | | |
|-------------|--|--|--------|--------|-------------|----------------------------|-----------|--|
| 6e | Number of +securities issued with security holder approval under rule 7.3, or another specific security holder approval (specify date of meeting) | N/A | | | | | | |
| 6f | Number of +securities issued under an exception in rule 7.2 | N/A | | | | | | |
| 6g | If +securities issued under rule 7.1A, was issue price at least 75% of 15 day VWAP as calculated under rule 7.1A.3? Include the +issue date and both values. Include the source of the VWAP calculation. | N/A | | | | | | |
| 6h | If +securities were issued under rule 7.1A for non-cash consideration, state date on which valuation of consideration was released to ASX Market Announcements | N/A | | | | | | |
| 6i | Calculate the entity's remaining issue capacity under rule 7.1 and rule 7.1A – complete Annexure 1 and release to ASX Market Announcements | ASX Listing Rule 7.1: 218,754 ASX Listing Rule 7.1A: 175,417 | | | | | | |
| 7 | <p>+Issue dates</p> <p>Note: The issue date may be prescribed by ASX (refer to the definition of issue date in rule 19.12). For example, the issue date for a pro rata entitlement issue must comply with the applicable timetable in Appendix 7A.</p> <p>Cross reference: item 33 of Appendix 3B.</p> | 9 April 2019 | | | | | | |
| 8 | Number and +class of all +securities quoted on ASX (including the +securities in section 2 if applicable) | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%;">Number</th> <th style="width: 50%;">+Class</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">204,703,524</td> <td>Fully Paid Ordinary Shares</td> </tr> <tr> <td style="text-align: center;">5,000,000</td> <td>Fully Paid Ordinary Shares subject to voluntary escrow until 26 October 2019</td> </tr> </tbody> </table> | Number | +Class | 204,703,524 | Fully Paid Ordinary Shares | 5,000,000 | Fully Paid Ordinary Shares subject to voluntary escrow until 26 October 2019 |
| Number | +Class | | | | | | | |
| 204,703,524 | Fully Paid Ordinary Shares | | | | | | | |
| 5,000,000 | Fully Paid Ordinary Shares subject to voluntary escrow until 26 October 2019 | | | | | | | |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| | Number | +Class |
|----|---|--|
| 9 | Number and +class of all +securities not quoted on ASX (including the +securities in section 2 if applicable) | |
| | 5,050,000 | Options exercisable at \$0.25 each, expiring on 16 December 2019 |
| | 330,882 | Options exercisable at \$0.425 each, expiring on 29 September 2020 |
| | 843,936 | Options exercisable at \$0.525 each, expiring on 16 January 2020 |
| | 1,000,000 | Options exercisable at \$0.525 each, expiring on 17 May 2021 |
| | 5,000,000 | Options exercisable at \$0.50 each, expiring on 30 June 2025, escrowed until 26 October 2019 |
| | 15,000,000 | Performance Rights |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | N/A |

+ See chapter 19 for defined terms.

Part 2 - Pro rata issue

| | | |
|----|--|-----|
| 11 | Is security holder approval required? | N/A |
| 12 | Is the issue renounceable or non-renounceable? | N/A |
| 13 | Ratio in which the +securities will be offered | N/A |
| 14 | +Class of +securities to which the offer relates | N/A |
| 15 | +Record date to determine entitlements | N/A |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 | Policy for deciding entitlements in relation to fractions | N/A |
| 18 | Names of countries in which the entity has security holders who will not be sent new offer documents <small>Note: Security holders must be told how their entitlements are to be dealt with. Cross reference: rule 7.7.</small> | N/A |
| 19 | Closing date for receipt of acceptances or renunciations | N/A |
| 20 | Names of any underwriters | N/A |
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |

+ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

| | | |
|----|---|-----|
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of security holders | N/A |
| 25 | If the issue is contingent on security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and offer documents will be sent to persons entitled | N/A |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |
| 30 | How do security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |
| 32 | How do security holders dispose of their entitlements (except by sale through a broker)? | N/A |
| 33 | +Issue date | N/A |

+ See chapter 19 for defined terms.

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of ⁺securities
(tick one)

(a) ⁺Securities described in Part 1 (Ordinary Securities Only)

(b) All other ⁺securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 If the ⁺securities are ⁺equity securities, the names of the 20 largest holders of the additional ⁺securities, and the number and percentage of additional ⁺securities held by those holders

36 If the ⁺securities are ⁺equity securities, a distribution schedule of the additional ⁺securities setting out the number of holders in the categories

1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 A copy of any trust deed for the additional ⁺securities

⁺ See chapter 19 for defined terms.

Appendix 3B
New issue announcement

Entities that have ticked box 34(b)

| | | | |
|----|---|--------|--------|
| 38 | Number of +securities for which +quotation is sought | N/A | |
| 39 | +Class of +securities for which quotation is sought | N/A | |
| 40 | <p>Do the +securities rank equally in all respects from the +issue date with an existing +class of quoted +securities?</p> <p>If the additional +securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | N/A | |
| 41 | <p>Reason for request for quotation now</p> <p>Example: In the case of restricted securities, end of restriction period</p> <p>(if issued upon conversion of another +security, clearly identify that other +security)</p> | N/A | |
| 42 | Number and +class of all +securities quoted on ASX (including the +securities in clause 38) | Number | +Class |
| | | N/A | |

+ See chapter 19 for defined terms.

Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.


- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document is not available now, we will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:  Date: 9 April 2019
(Joint Company Secretary)

Print name: Gareth Widger

+ See chapter 19 for defined terms.

Appendix 3B – Annexure 1

Calculation of placement capacity under rule 7.1 and rule 7.1A for eligible entities

Introduced 01/08/12 Amended 04/03/13

Part 1

| Rule 7.1 – Issues exceeding 15% of capital | |
|--|-------------|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| Insert number of fully paid +ordinary securities on issue 12 months before the +issue date or date of agreement to issue | 169,793,465 |
| Add the following: <ul style="list-style-type: none"> • Number of fully paid +ordinary securities issued in that 12 month period under an exception in rule 7.2 <div style="float: right; text-align: right;">5,000,000 (17 October 2018) 5,000,000 (26 October 2018)</div> • Number of fully paid +ordinary securities issued in that 12 month period with shareholder approval <div style="float: right; text-align: right;">7,440,179 (21 December 2018) 1,612,904 (28 February 2019)</div> • Number of partly paid +ordinary securities that became fully paid in that 12 month period <div style="float: right; text-align: right;">254,110 (14 March 2019) 240,017 (21 March 2019) 1,458,362 (3 April 2019)</div> <p><i>Note:</i></p> <ul style="list-style-type: none"> • <i>Include only ordinary securities here – other classes of equity securities cannot be added</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | |
| Subtract the number of fully paid +ordinary securities cancelled during that 12 month period | Nil |
| “A” | 190,799,037 |

+ See chapter 19 for defined terms.

| | |
|---|--|
| Step 2: Calculate 15% of “A” | |
| “B” | 0.15 <i>[Note: this value cannot be changed]</i> |
| Multiply “A” by 0.15 | 28,619,855 |
| Step 3: Calculate “C”, the amount of placement capacity under rule 7.1 that has already been used | |
| <p>Insert number of +equity securities issued or agreed to be issued in that 12 month period <i>not counting</i> those issued:</p> <ul style="list-style-type: none"> • Under an exception in rule 7.2 • Under rule 7.1A • With security holder approval under rule 7.1 or rule 7.4 <p>Note:</p> <ul style="list-style-type: none"> • <i>This applies to equity securities, unless specifically excluded – not just ordinary securities</i> • <i>Include here (if applicable) the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | 28,401,101 Shares (to be issued) |
| “C” | 28,401,101 |
| Step 4: Subtract “C” from [“A” x “B”] to calculate remaining placement capacity under rule 7.1 | |
| <p>“A” x 0.15</p> <p><i>Note: number must be same as shown in Step 2</i></p> | 28,619,855 |
| <p>Subtract “C”</p> <p><i>Note: number must be same as shown in Step 3</i></p> | 28,401,101 |
| Total [“A” x 0.15] – “C” | 218,754 <i>[Note: this is the remaining placement capacity under rule 7.1]</i> |

+ See chapter 19 for defined terms.

Part 2

| Rule 7.1A – Additional placement capacity for eligible entities | |
|--|---|
| Step 1: Calculate “A”, the base figure from which the placement capacity is calculated | |
| “A” <i>Note: number must be same as shown in Step 1 of Part 1</i> | 190,799,037 |
| Step 2: Calculate 10% of “A” | |
| “D” | 0.10 <i>Note: this value cannot be changed</i> |
| Multiply “A” by 0.10 | 19,079,904 |
| Step 3: Calculate “E”, the amount of placement capacity under rule 7.1A that has already been used | |
| Insert number of +equity securities issued or agreed to be issued in that 12 month period under rule 7.1A <i>Notes:</i> <ul style="list-style-type: none"> • <i>This applies to equity securities – not just ordinary securities</i> • <i>Include here – if applicable – the securities the subject of the Appendix 3B to which this form is annexed</i> • <i>Do not include equity securities issued under rule 7.1 (they must be dealt with in Part 1), or for which specific security holder approval has been obtained</i> • <i>It may be useful to set out issues of securities on different dates as separate line items</i> | 18,904,487 Shares |
| “E” | 18,904,487 |

+ See chapter 19 for defined terms.

| Step 4: Subtract "E" from ["A" x "D"] to calculate remaining placement capacity under rule 7.1A | |
|--|--|
| <p>"A" x 0.10</p> <p><i>Note: number must be same as shown in Step 2</i></p> | 19,079,904 |
| <p>Subtract "E"</p> <p><i>Note: number must be same as shown in Step 3</i></p> | 18,904,487 |
| <p>Total ["A" x 0.10] – "E"</p> | <p>175,417</p> <p><i>Note: this is the remaining placement capacity under rule 7.1A</i></p> |

+ See chapter 19 for defined terms.

ASX Release

Tuesday 9 April 2019

Cleansing Notice - Issue Of Shares

Kalium Lakes Limited (**KLL** or the **Company**) has undertaken a placement (**Placement**) of fully paid ordinary shares in the Company (**Shares**) to Greenstone Management (Delaware) II LLC in its capacity as general partner of Greenstone Resources II (Australia) Holdings L.P.

Following settlement of the Placement, the Company has today issued a total of 18,904,487 new fully paid ordinary shares (**Placement Shares**) in the Company at an issue price of A\$0.44 per Share.

KLL gives notice under section 708A(5)(e) of the *Corporations Act 2001* (Cth) (**Corporations Act**) that:

- 1) KLL issued the Placement Shares without disclosure to investors under Part 6D.2 of the Corporations Act;
- 2) as at the date of this notice KLL has complied with:
 - a) the provisions of Chapter 2M of the Corporations Act as they apply to KLL; and
 - b) section 674 of the Corporations Act; and
- 3) as at the date of this notice, there is no information:
 - a) that has been excluded from a continuous disclosure notice in accordance with the ASX Listing Rules; and
 - b) that investors and their professional advisors would reasonably require for the purpose of making an informed assessment of:
 - (i) the assets and liabilities, financial position and performance, profits and losses and prospects of KLL; or
 - (ii) the rights and liabilities attaching to the Shares.

Gareth Widger
Company Secretary